(a) whether Russia has proposed to have direct deals with India;

(b) if so, whether it is likely to result in increasing delieveries from India without corresponding supplies to India from Soviet Union;

(c) the estimated fiscal deficit under the circumstances and the steps the Government propose to take in the matter;

(d) whether the Government have proposed for revised Rupee-Rouble exchange rate to correct the deficit; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR):(a) India is closely watching the internal development in the USSR. It is clear that substantial powers are now vested with the Republics, including Russia. The Government intends to establish and strengthen direct relations with the Republics in accordance with the new constitutional structures emerging in the USSR.

(b) and (c). Trade between India and the Soviet Union is presently conducted in non-convertible rupees on a clearing and balanced basis in accordance with the annual trade protocols. Precise arrangement have not yet been worked out with the newly emerging Soviet Union and the Republics. However, the endeavour would be to ensure supplies of essential commodities to India on a balanced clearing basis as at present.

(d) and (e). Two rounds of inter-Governmental official level discussions have been held to discuss revision of the Rupee-Rouble exchange rate which is based on the November, 1978 protocol. The discussions have been inconclusive so far.

[*Translation*]

Declaration of Bhagalpur to Govindpur road as National Highway

4844. SHRI SURAJ MANDAL: Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether the Government of Bihar has requested to declare the Bhagalpur to Govindpur road which links Virpur with G.T. Road as National Highway; and

(b) if so, the reaction of Union Government thereto?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI JAGDISH TYTLER): (a) Yes, Sir.

(b) A decision about the declaration of new National Highways will be taken only after formulation ot the 8th Five Year Plan, keeping in view various factors, *viz.* recommendations made by the National Transport Policy Committee, fulfilment of prescribed criteria for new National Highway, *inter-se* priorities attached to each individual road on an all-India basis, proximity of other National Highways, availability of resources etc.

Loans to States from Financial Institutions

4845. SHRI GIRDHARI LAL BHARGAVA: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has made it obligatory for the State Governments to take its permission for taking loans from financial institutions for various plan projects where the rate of interest is more then 11.5 per cent;

(b) if so, the details of the projects of various State Governments for which pro-